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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
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COMMISSIONERS

MARC SPITZER, Chairman  
JIM IRVIN  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON

IN THE MATTER OF:

YUCATAN RESORTS, INC., dba  
YUCATAN RESORTS, S.A.,  
3222 Mishawaka Avenue  
South Bend, IN 46615;  
P.O. Box 2661  
South Bend, IN 46680  
Av. Coba #82, Lote 10, 3er. Piso  
Cancun, Q. Roo  
Mexico C.P. 77500

RESORT HOLDINGS INTERNATIONAL, INC.,  
dba RESORT HOLDINGS INTERNATIONAL, S.A.  
3222 Mishawaka Avenue  
South Bend, IN 46615;  
P.O. Box 2661  
South Bend, IN 46680  
Av. Coba #82, Lote 10, 3er. Piso  
Cancun, Q. Roo  
Mexico C.P. 77500

WORLD PHANTASY TOURS, INC., aka  
MAJESTY TRAVEL, aka VIAJES MAJESTY  
Calle Eusebio A. Morales  
Edificio Atlantida, P Baja  
APDO, 8301 Zona 7 Panama

AVALON RESORTS, S.A.  
Avenida Coba #82 Lote 10, 3er. Piso  
Cancun, Q. Roo  
Mexico, C.P. 77500

MICHAEL E. KELLY and LORI KELLY,  
Husband and wife,  
3222 Mishawaka Avenue  
South Bend, IN 46615;  
P.O. Box 2661  
South Bend, IN 46680

Respondents.

DOCKET NO. S-03539A-03-0000

Arizona Corporation Commission

DOCKETED

SEP 12 2003

DOCKETED BY

THIRD  
PROCEDURAL ORDER

1 **BY THE COMMISSION:**

2 On May 20, 2003, the Securities Division ("Division") of the Arizona Corporation  
3 Commission ("Commission") filed a Temporary Order to Cease and Desist ("T.O.") and a Notice of  
4 Opportunity for Hearing ("Notice") against Yucatan Resorts, Inc. dba Yucatan Resorts, S.A.,  
5 ("Yucatan"), Resort Holdings International, Inc. dba Resort Holdings International, S.A. ("RHI"),  
6 World Phantasy Tours, aka Majesty Travel, aka Viajes Majesty ("WPT") and Michael E. Kelly and  
7 Lori Kelly ("Kelly") (collectively the "Respondents") in which the Division alleged multiple  
8 violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in  
9 the form of investment contracts.

10 Respondents Yucatan, RHI, Kelly and WPT were duly served with copies of the notice.

11 On June 10, 2003, Respondents Yucatan, RHI and Kelly filed requests for hearing.

12 On June 23, 2003, Respondents, Yucatan, RHI and Kelly filed multiple Motions to Dismiss  
13 also claiming lack of personal jurisdiction and insufficiency of service of process. Yucatan, RHI and  
14 Kelly also filed Answers to the TO and Notice.

15 On June 25, 2003, by Procedural Order, a pre-hearing conference was scheduled on July 10,  
16 2003.

17 On July 1, 2003, counsel for Respondents Yucatan and RHI filed a Motion and Consent for  
18 Admission Pro Hac Vice ("Motion PHV") for attorneys Joel Held and Elizabeth Yingling. The  
19 Motion PHV was accompanied by evidence that attorneys Held and Yingling had complied with Rule  
20 33 of the Rules of the Arizona Supreme Court and paid the required filing fees.

21 On July 3, 2003, counsel for the Division, Yucatan, RHI and Kelly filed a stipulation to  
22 reschedule the pre-hearing conference from July 10, 2003 to July 17, 2003. The parties also agreed  
23 to extend by two days, from July 8, 2003 to July 10, 2003, the date for filing the Division's  
24 Responses to Respondents' Motions to Dismiss.

25 On July 8, 2003, by Procedural Order, the pre-hearing conference was continued to July 17,  
26 2003 and the Motion PHV was granted.

27 On July 11, 2003, the Division filed Responses to the pending Motions to Dismiss.

28 On July 17, 2003, a pre-hearing conference was held with counsel for the Division, Yucatan,

1 RHI and Kelly present. Procedural and discovery matters were discussed. It was decided that an  
2 additional pre-hearing would be scheduled after the various pleadings were filed.

3 On July 30, 2003, Replies of Yucatan, RHI and Mr. Kelly were filed to the Division's  
4 Responses. Mrs. Kelly did not file a Reply.

5 On August 8, 2003, WPT filed a request for hearing and a Motion to Dismiss and Answer to  
6 the TO and Notice.

7 On August 8, 2003, the Division filed a Motion to Amend the TO and Notice to add an  
8 additional Respondent, Avalon Resorts, S.A. ("Avalon") to the proceeding.

9 On August 13, 2003, the Division filed its Response to WPT's Motion to Dismiss. WPT did  
10 not file a Reply.

11 On August 25, 2003, Yucatan and RHI filed a Response to the Division's Motion to Amend  
12 the TO and Notice to add Avalon to the proceeding.

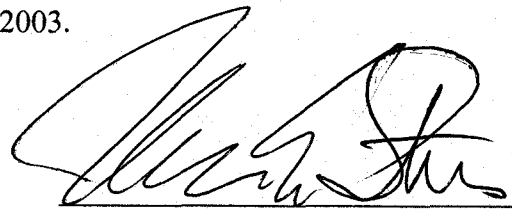
13 Accordingly, after consideration of the various arguments raised in the multiple Motions to  
14 Dismiss, they should be taken under advisement pending an evidentiary hearing in this proceeding.  
15 The Division's Motion to Amend the TO and Notice should be granted. Another pre-hearing  
16 conference should also be scheduled.

17 IT IS THEREFORE ORDERED that the various Motions to Dismiss shall be taken under  
18 advisement pending an evidentiary hearing.

19 IT IS FURTHER ORDERED that the Division's Motion to Amend the TO and Notice is  
20 hereby granted.

21 IT IS FURTHER ORDERED that a pre-hearing conference shall be scheduled for October 8,  
22 2003, at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona.

23 Dated this 12<sup>th</sup> day of September, 2003.

24  
25  
26   
27 MARC E. STERN  
28 ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing were mailed/delivered  
2 this 17 day of August, 2003 to:

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25 By:   
26 Molly Johnson  
27 Secretary to Marc E. Stern  
28